

Stephen A. Carter: Good morning, everybody. It's Stephen Carter here. And I've got -- I'm joined by Gareth Wright who many people know, our Group Finance Director, and also Richard Menzies-Gow, our Investor Relations Director. First of all, I hope everybody on the call is well, and we're very appreciative of people taking the time. I know this is an extraordinary set of circumstances for all of us, so thanks for carving out the time.

We've got quite a lot on this morning, as you would understand. So we're going to try and keep this sharp and to the point. Sadly, this is not set up as a, I've just been told, as a Q&A forum. So it's a broadcast forum for which I apologize. But if anyone has any specific follow-on questions, then myself or Gareth or Richard are around when we're finished.

So we're going to try and make this an information session. There is presentation material, which is up, and Gareth and I will work through this. It contains quite a lot of material. Clearly the headline of the morning is that in the context of the rest of our continued approach to managing the impact of COVID-19, we have added an equity raise to our armory of approach. We're pleased to say that we've had a lot of support through the wall crossing process, which we've been engaged in for the last couple of days. This placing is now formally oversubscribed with significant support from a range of our existing shareholders. And also indications of strong support from a cornerstone investor.

So, why have we done that and where are as a company is probably the question. What we're really doing is continuing what we talked about I think when we did our annual results is having a laser focus on the long-term value of the business. Ours is a great business. We feel very proud of what we've built here. We feel very good about what we've delivered.

And the exogenous circumstances of COVID-19 has had the impact of essentially taking a significant portion of our revenues and taking them dark. And what has become clear is the impact of that has got deeper and more striking as the days and weeks have progressed. We now find ourselves in the situation with over half the world in lockdown. And we have been living this since the end of January when our business in Mainland China went dark. The good news about China is that it is going the other way now, and we're seeing some change to the temporary disruption.

But if you look at Slide 3, what's clear is that the impact of this market disruption has been significant, whether it is on control measures, on lockdowns, on travel, on gatherings, and from a commercial point of view, what that has meant for our Events business.

Many of you on this call know our business well. We have been materially underpinned through this period by our subscription digital businesses, which are performing very well. We have included in our statements today an update on first quarter trading, which has been strong in both our Advanced Learning business, Taylor & Francis, and in our subscription businesses, Omdia in our Tech portfolio, and our entire Informa Intelligence portfolio. To the extent that in the first quarter effectively our revenues are

a shade down on an underlying basis, but given the extraordinary circumstances of February/March, that's quite a remarkable performance.

We have been fast into cost control, and we've now identified over GBP 130 million worth of cost that we're going to take out of the business in order to manage the revenue-to-income gap. And we had already put in place some significant additional liquidity measures to underpin the operational liquidity of the business.

We have been moving at pace to drive a scale of lift and shift on postponement. And of course the longer this impact goes on, the more we've had to accelerate and deepen that program. And we've also put in place a range of colleague support measures, because critical to our business are the colleagues in the company who manage our relationships in large part are the manifestation of our intellectual property and of the culture of the company. And so we have put in a range of measures including a sabbatical program which has been taken up by many colleagues to take us through the gap period. We've put in place a self-funded colleague support program to help our colleagues who find themselves in personal or family or community circumstances of challenge, a salary sacrifice program from the top of the company, and a range of other internal practical support programs.

I won't dwell on Slide 4. You know our results from 2019. But the relevance of that is that the underlying strength of this business remains what is our focus. And the thing that has given us most confidence through this period of distortion and change is the underlying support from our customers. Our forward bookings, our commitment to new dates, our ongoing contact and relationship with our customer communities remains very strong.

But Slide 5 lays out very clearly that the COVID-19 market realities are deepening in scale and breadth. The government control measures are now very evident in more countries and more locations. In continental Europe, we're now north of 1 million cases. And in North America, which is a big engine of our business, similarly there is widespread control and restrictions on travel and activity.

We are seeing, as I touched on briefly, some gradual and phased return in China. And the good news is you can see what that means because it's giving us a playbook that we can see how that might work in the rest of the world. The headline is there is a place for business to be done on the other side of this, but the phasing of that return will be slow. It will be more domestic than international in terms of buyer focus. There will, we believe, be some revenue attrition short term in 2020 due to that reduction. And that we'll need to be, and we're working in real time on producing biosecurity programs to give our vendors, our exhibitors, our attendees and our partners confidence in the biosecurity certification of our events.

As I said earlier on Slide 6, our Q1 trading was strong in our subscriptions business, about 35% of our revenue. Very resilient, very predictable. Strong renewal rates and steady new business, which is particularly pleasing in our Intelligence and Data business.

Our Events business, as we touched on when we did our results in early March, we traded well, actually, in the opening period of the year, but essentially our Events business is now dark for the period. And we'll talk a bit more about that as we go through this presentation.

But what we're doing here is we're enhancing our approach to managing our way to the

other side of this. This is about getting scale support for strong business, and we're doing that in a number of actions. We moved fast at the end of January on our cost control. We moved fast in January in our financing. And we're adding to that a temporary suspension of our 2019 dividend. We have opened up our discussions with our US debtholders constructively to look at alignment on the likely impact on the covenant controls at the half year, which sit at 3.5x on that 40% of our debt stack.

But we are adding to our firepower a liquidity injection from a supported placing in order that we're making the right decisions for the long-term strength of the business. Because what we don't want to do is manage the business through the lens of covenant control. We want to manage the business through the lens of strength and stability on the other side of COVID-19.

We have intensively engaged with major shareholders over the last period; nearly 50% of our register. And we have been rightly scrutinized in debt as to the whys, there wherefores, the use of proceeds and what does it do to taking risk off the table for 2020. And we are pleased with the fact we are now at a place of formal oversubscription of the placing. It will strengthen our balance sheet. It will help us manage our debt options. It will lower our leverage. It will give us operating strength. It will give us headroom in our facilities. And it will give us the ability to look beyond COVID-19 and focus on how do we secure the underlying strength of our brands for our customers and our markets.

The timing is not accidental. We've been very deliberative about when to move. It became clear in the last 2 to 3 weeks that the intensity of the impact of COVID-19 required a speed and scale of action. And that has driven our approach to both the equity raise, the decision on the dividend and our engagement with our USPP debtholders.

If you want to look at our view of the world, you can see on Slide 8 where we are. In reality, on the left hand side is where our operating case for the business is at the moment. In other words, if you were inside the business as we are on an almost hourly, daily, weekly basis, and looking at trading forecasts, forward bookings, customer predictions, our trading case -- our base case shows a return to some level of activity in July, through August and September.

But we have modeled a downside case, which assumes that the reality on the ground, for reasons that perhaps today we can't predict but the experience of the last 2 months tells us you just don't know, becomes slower or more severe. Or someone trips a switch whereby the initial relaxation goes back a bit before it gets relaxed at harder scale. We have overlaid revenue attrition due to international travel restrictions, revenue attrition due to macroeconomic contraction, revenue attrition due to changes in the biosecurity requirements of our customers. To manage pre-registration digitally, to manage pre-buyer qualification digitally, to remove queuing, so we have electronic registration. And to manage density on a square foot basis in a way that is responsible during a relaxation period.

The net consequence of those assumptions gives you a view of a vigilant case. And the vigilant case is laid out dramatically on Slide 9. And if you look at that slide and you move that blood red of zero trading from February through March to April to May to June to July, inside our business, we are booking events in July. We are filing for licenses for events in July and August. We are engaging with customers, and we are operating on an assumption that that will return. But the vigilant case takes a view if it doesn't, what

does that look like and what would that demand of us as a business?

And what I'm going to do is hand it over to Gareth just to talk you through what that means in terms of the numbers and how you layer those assumptions to get to the impacts in our leverage, and why the injection of equity gets us to a place where scale support for strong business allows us to look forward with real strength. Gareth.

Gareth Wright:

Thank you, Stephen. Good morning, everyone.

Yes, so the outcome of the modeling and the scenario is laid out on Page 10. The factors that have been brought into play in terms of the future numbers are what is on Slide 8. Stephen gave you the headlines of why we think those are the right sort of attrition numbers. And really what we're doing is we're looking at attrition on events that we've moved in the year. And we're looking at attrition on events that are operating in their original diary slot, but we think will not operate quite at the budgeted levels because of the dynamics that are happening around them. And those different attrition levels are laid out on Slide 8.

So we come back to Slide 10, which is where we were, what that shows is that if you start with this revenue last year, or a consensus of about 2.9, if you apply the relevant revenue haircuts to the numbers, you come out with revenue roundabout in the range of GBP 1.5 billion to GBP 2.0 billion on the right hand side depending on how you model it. And that's a combination of the canceled events, then the attrition on the events moved and attrition on the rescheduled and the out scheduled events. So the chevrons in the middle there, you can see the numbers and how they apply to that. And that gets you to a, say, revenue number of around GBP 1.5 billion to GBP 2.0 billion for the Group and GBP 0.5 billion to GBP 1.0 for Events revenue.

Let me talk about Events revenue on that slide, just to be clear. That is Informa Markets, Informa Connect and the events operations of Informa Tech. So the subscription products in Informa Tech are regarded as non-events, just to be clear on the definition.

And if you run the scenario, those for revenues, and you take the cost savings in the scenario is about GBP 500 million worth of direct and indirect cost savings as outlined in the bottom chevron in the middle of that slide, you end up with closing leverage of round about 6.0x to 6.5x before the equity issuance. So that's what we regard the scenario as in terms of a pre-equity issuance view.

And if you look at what we've been doing, we've taken a range of measures of -- and I'll go on to Slide 11 -- in response to the COVID disruption. In terms of the things laid out there, our financing control measures I'm going to expand on in a second. The cost control measures are things that Stephen outlined at the start of the slide around: headcount and recruitment pause; looking at the phasing of rewards; reviewing discretionary spend and whether we want to do it; looking at projects and whether they add value in 2020 and 2021; and adding employment flexibility.

Operating flexibility is really the postponement plan that Stephen outlined earlier and it's been modeled for you in the vigilant case. Finally, colleague support measures. As Stephen said, the colleague angle is very important to us. And really our focus has been on supporting colleagues and maintaining our relationships with our customers.

So moving on to Slide 12 and expanding on what we mean by financing control measures. There's four main areas here that we're going to talk about. First of all is the

dividend suspension policy. This is a temporary suspension of the dividend, including canceling the 2019 final dividend that we announced with the full year results. On further review and seeing how deeper and more aggressive this disruption has been, we feel the right thing to do is to withdrawal that 2019 final dividend. And we will consider when we restart dividends going forward. And it's obviously a board decision, et cetera, but we will think about that in the light of our financial position and how trading evolves and how trading comes back.

In terms of covenant waiver, Stephen said we both had constructive discussions about US private placement debtholders. The USPP debt is the only debt with which we have covenants. The EMTN program, the RCF have no covenants. And we have had a proactive conversation with them. We think the equity injection that we're announcing today will change the tone and nature of that conversation, so it'll make it more I think shareholder friendly. And we're proceeding with that, but it'll probably take another 4 to 6 weeks to get to a conclusion in terms of those negotiations.

As a reminder in terms of liquidity, we have a GBP 900 million RCF, which is about 1/4 drawn. And we have entered a new GBP 750 million facility which we announced at the year end results. So those two facilities, together with the equity injection, gives us round about GBP 2.3 billion of liquidity following equity placing.

If I then turn to what the balance sheet looks like on Slide 13, what this shows you is that the headlines are no maturities until 2022. Actually no material maturities until 2023. The 2022 maturities are GBP 130 million, and therefore fundable out of our liquidity headroom on our facilities, and therefore we have a very good balance sheet profile in terms of maturities. The point covenant issue I've noted is the 3.5x net debt EBITDA covenant. And that only is in the US private placement debt, as earlier discussed.

And therefore we get on to Slide 14. This is basically a reprise of the previous slide laying out the scenario and the vigilant case, but the difference is this has the equity raise proceeds included. And we can see from that that we can get down to round about 3.5x net debt EBITDA. We'll make a decision as we go through the second half of the year about exactly how we want to come out in terms of leverage, looking at what sort of costs you want to take out and how proactive or deep we want to go into cost cuts.

As Stephen said, the key objective for us is to exit this year with the business strong and capable and ready to trade well after you get through the period of disruption. So we don't want to take costs out that are going to potentially impair that capability, and therefore we're reviewing cost savings on a measured basis, and we'll take the right decisions accordingly. So it comes down to an achievable number of 3.5x leverage post the equity raise.

Then looking at the post-COVID world on Slide 15.

Stephen A. Carter:

Thanks, Gareth. As you can see on Slide 15, it's just an opportunity for us just to dwell a bit about the why. Why are we doing this? Why have we put in place all these measures? Why are we being so tight and focused on our costs? Why have we added this additional liquidity? Why are we taking the decision to suspend the dividend? Why are we injecting this scale of equity?

And the reason why is because our underlying belief in the strength of our product proposition has been clearly validated by the level of demand for our product on a go-forward basis, our ability to shift and lift the brands without large scale demand for

rebates, our forward booking trends, and our underlying belief in the power of face-to-face.

There's been much commentary understandably that as we're now all living and working on Teams or Hangouts or Facebook Messenger or Zoom, that actually a world of total virtualization and digitalization is going to diminish or reduce the power of face-to-face. Or the post-COVID-19 circumstance is going to make mass gatherings or engagement at scale, either in a sporting event or a social event or a commercial event change beyond recognition.

We have a strong view that there will be changes. That we will end up with a biosecurity program which infuses digital technology to remove the queuing and the density, health concerns. That we will have to make sure that we certify at a level of comfort for our customers. Then there will be short-term health visa and entry management requirements. We do some of this already in large parts of the world. And one of the advantages of this gap period is that we can work programmatically with our partners to put in place our product service delivery in that area to give our customers, and indeed local authorities and governments, security.

Digital strength will become more important: technology, data management, the fusion of the online and the offline products. And again during this period, we're doing much work on how do you use our digital capabilities and our Market Maker platforms to do more for our customers to combine the two.

But our fundamental strategy to build strength through scale in end markets, to specialize in debt to preserve our people, to preserve our intellectual property, to protect our data, and to come out the other side of the COVID-19 circumstance, as one customer said to me the other day, when we come out the other side, because we will, there will be industries the world over that want to use the premiere trade show event in their international industry to reignite that sense of shared purpose of trading, of exchanging information, of networking, of professional certification, and indeed a fellowship and professional fellowship that comes with being part of an international professional community.

Slide 17 summarizes therefore where we are as a business. We are in a situation of significant temporary disruption. There is no doubt about that. I never thought I would live to see the day where half of the world's population was in lockdown, and that I could get from my home to London, our office in London by car in under 12 minutes. But it will pass. And when it passes, we need to be prepared with our business. We are very fortunate in having just over 1/3 of our business underpinned by powerful brands, which over the last 5 or 6 years we've put into better shape to be able to contribute at scale to the ballast of the group in predictive subscriptions, forward revenues and underlying content strength.

But our trade show business, our events business, our confex business, 60% of our business has gone dark, and probably will remain either dark or shades of grey until the back end of the summer, late July through August/September and possibly later. And today we're moving to add to our capability, an injection of support and strength in order that we can come out the other side of this in a strong position and be able to deliver for our customers what we're all in business to do. And I hope that gives you a sense of what we've done, why we've done it.

We've nearly used a half an hour of your time. As I say, I'm apologetic that the facility

does not allow for questions. I know there are a number of our colleagues on the call. And Richard, myself or Gareth are available through the day to help provide more detail or color, if that's helpful. And as I said at the beginning, I hope everyone stays well, keeps well, and thanks very much for your time.